

Although Chilean consumers are relatively new to on-line purchases, as compared to their U.S. counterparts, they are catching up. Currently, on-line credit card purchases reached US\$1 billion in 2002, an increase of 100% from 2001. This trend is expected to continue through 2004. The bulk of on-line sales are B2B.

Market Overview

- ▶ Chile's digital economy generated US\$6.5 billion in 2002 and is expected to generate US\$13.5 billion by 2005.
- ▶ According to a recent study by the Santiago Chamber of Commerce, in 2003 "digital economy" transactions will reach US\$8.3 billion in Chile, representing 12% of the gross domestic product and a 28% increase compared to 2002.
- ▶ The digital economy in Chile includes the following sub-sectors (2002 percentages): telecommunications 37%, e-commerce 36%, infrastructure 15%, services 10%, and software and applications 2%.
- ▶ E-commerce sales totaled \$2.3 billion in 2002, a 61% increase from 2001, and growth is expected to continue at around 75% until 2006. The number of consumers purchasing on the Internet is expected to increase from 15% in 2002 to 25% in 2004. In 2001 the amount of money spent per Internet user was US\$130 per year, a figure expected to increase to US\$270 per year by 2004.
- ▶ For 2003, e-commerce transactions –mainly B2B– are expected to surpass US\$3.8 billion, telecommunications operations will reach some US\$2.7 billion, infrastructure –mainly hardware and net access– US\$1 billion, services US\$700 million, and software and applications US\$180 million.
- ▶ Business opportunities in this sector will only continue to grow as the private sector and government work to promote electronic commerce in Chile.

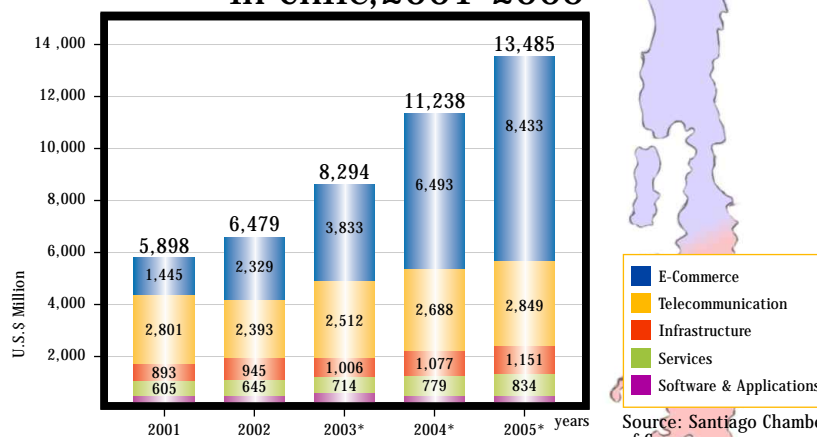
Evolution of E-Commerce in Chile

	2000	2001	2002	2003*
B2C (US\$million)	20	31	40	64
B2B (US\$million)	321	1,415	2,288	3,736
TOTAL SALES (US\$million)	341	1,445	2,329	3,800
B2C Growth		49%	33%	57%
B2B Growth		113%	86%	51%

* Projected.

Source: Santiago Chamber of Commerce.

Value of Digital Economy in Chile, 2001-2005



Source: Santiago Chamber of Commerce.

U.S. Position

- ▶ In February 2000, Chile became the first country in Latin America to sign a Joint Statement on Electronic Commerce with the United States, by which e-commerce will enhance the standard for living for citizens by creating new, high-paying jobs and opportunities. Small and medium-sized enterprises in particular will benefit from new opportunities to sell their products to a worldwide market. Consumers will likewise benefit from the greater variety of choices made possible by electronic commerce. Both governments recognize the importance of working together to promote global e-commerce. The general principles of the statement include: a) the private sector as leader in the development of e-commerce and in establishing business practices; b) both governments should avoid unnecessary regulations or restrictions, and their actions should be transparent, consistent, nondiscriminatory and predictable to the private sector. The Joint Statement also contains policy issues and future work. The complete joint statement can be found at: http://www.technology.gov/digeconomy/international_issues/ChileJS2-9-00.html

Competitors

Chilecompras: The Chilean Government's e-procurement site handled transactions worth US\$800 million in 2002, totaling close to 120,000 purchases. The Chilean Government eventually hopes to conduct all public tenders and procurement contracts over Chilecompras.

Quadrem: Largest mining e-marketplace in the world with the majority of their South American activity centered in Chile and Peru.

Iconstruye: Construction e-marketplace whose principal shareholder is the Chilean Construction Chamber. The construction e-marketplace moves approximately US\$3 billion per year in materials.

Cienpunto: Supermarket e-marketplace –12 supermarkets and 900 suppliers– created by technology provider Adexus, and works with retail chains that represent approximately 63% of the supermarket retail industry that moves US\$4.7 billion per year.

Merconet: Horizontal e-marketplace dealing in hospital supplies, safety equipment, and office supplies with total transactions of US\$40 million in 2002. Of the e-marketplace's 600 clients, 95% are suppliers and 5% are buyers.

Principal Sub Sectors

- Business to Business (B2B)
- Business to Consumers (B2C)
- Business to Government (B2G)

► In 2002 there were 24 B2B e-marketplaces in Chile (estimated), 70% of which were focused on traditional sectors: 1st manufacturing, 2nd retail, 3rd mining, 4th construction, 5th financial and 6th telecommunications.

► 98% of the Chilean banking industry offers on-line transactions and payments, with 20.6 million transactions via Internet (2002), an increase

of 56% from 2001. In 2002 there were 2.24 million Internet-based transfers, representing an increase of 91% from 2001. The total number of clients connected to on-line banking services totaled 687,000 in 2002, almost 50% more than 2001.

► In Chile, e-learning expanded by 241% between 1998 and 2001, while the training market as a whole grew by 185%. By the end of 2001, around 200 e-learning firms were operating. (Source: CCS, Santiago Chamber of Commerce)

Commercial Opportunities

► There is a demand for B2B services that supply the natural resources sectors such as agriculture, aquaculture and forestry. These sectors have been slower to adopt modern technology because they use it less, but they are also some of the fastest growing sectors in Chile.

► The Chilean Government and the country's leading export industries (mining, agribusiness, aquaculture and forestry) are working together to encourage the development of e-commerce. For example, in 2002, invoice and digital signature legislation was passed, securing on-line transactions by giving legal certification for on-line contracts and regulating the technology that certifies both buyers and sellers in the market.

► Chile's e-readiness ranking is 28th out of 60 nations, meaning its business environment is conducive to Internet-based commercial opportunities. Chile is also ranked 34th out of 75 nations in a Harvard networked readiness study, indicating it has a highly developed information and communication technology (ICT) network, and that there is good potential to use the network's capacity.

Other Resources

- U.S. Department of Commerce E-Commerce Team: Bart Meroney: bart.meroney@mail.doc.gov
- U.S. Department of Commerce E-Commerce Trade Development: Damon Greer: damon.greer@mail.doc.gov
- High Technology Investment Program: www.hightechchile.com
- Under Secretariat of Telecommunications: www.subtel.cl
- Under Secretariat of Economy: www.minecom.cl
- Chilean Association of Information Technology Companies: www.acti.cl

CONTACT US

We hope that you find this information useful. If you would like further information, please contact Veronica.Pinto@mail.doc.gov, the CS Santiago E-Business Specialist. Visit our website www.buyusa.gov/chile to discover other commercial opportunities in Chile.

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